GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5117
ANSWERED ON:20.04.2001
REFUND OF MATURED AMOUNT TO NRIS
M.V.CHANDRASHEKHARA MURTHY

Will the Minister of FINANCE be pleased to state:

(a) whether non-banking financial Companies like M/s CRB Capital Market Limited and M/s Prudential Capital Market Limited were authorised to accept deposit for a limited period on repatriation basis from NRIs and OCB s in 1993 and 1995respectively by the Reserve Bank of India;

(b) if so, the details thereof;

(c) the amount of foreign money converted into rupees accepted by the said Companies in 1994 And 1996 respectively;

(d) whether these Companies have refunded the matured amount in respect of the amount deposited in 1994 and 1996 to the NRI investors;

(e) if so, the details thereof and if not, the reasons therefor;

(f) whether these Companies have violated provisions enshrined in FERA; and

(g) if so, the details of action taken by the government in the matter ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (g) :- Reserve Bank of India (RBI) has reportedthat approval granted by RBI to M/s CRB Capital Markets Ltd. for acceptance of deposits from NRIs expired on 29th April,1994. Thereafter, the company applied for extension of time for acceptance of deposits from NRIs which was not granted. Nevertheless, despite the above non-granting of extensionof time , the company collected deposits from NRIs to the extent of Rs. 46.98 lakh during the period April 1994 to July 1995 in violation of relative provisions of the Foreign Exchange Regulations Act, 1973 as per the inspection findings of the RBI. The company was issued prohibitory order on April 9, 1997 from accepting deposits and also against alienation of its assets/property. RBI also filed a winding up petitionagainst the company in the Delhi High Court on May 21, 1997. The High Court on May 22, 1997, appointed the official liquidator of the Delhi High Court as provisional liquidator. The Court petitions, which have been pending for a long time, have been heard/adjourned from time to time. As regards M/s Prudential Capital Markets Ltd.,RBI has reported that the company was granted permission for acceptance of remittances from NRIs/OCBs on both repatriation/non-repatriation basis through the State Bank of India, Ezra Street branch, Kolkata on August 30, 1995 for a period of one year from the date of issue of the approval letter. As per a statement submitted by the company, amount received under the above scheme by the company was Rs. 21.75 lakh during the year 1996. As several complaints have been received by RBI against the company for non-repayment of deposits in violation of CLB order, RBI has filed a criminal case against the company and its directors for non-compliance with the CLB order in the Chief Metropolitan Magistrate Court, Calcutta on 16.11.1999 and the matter is sub-judice. RBIhas further reported that no record of FERA violation by the company is available with them.